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July 8, 2011

Mr. Steve Knapp  
Mr. Alan Wood  
Montana Department of Fish, Wildlife and Parks  
1420 East Sixth Avenue  
P.O. Box 200701  
Helena, Montana 59620-0701

**Re: Forest Legacy Program – Project Priority Evaluation for FY13  
Stimson Forestlands Conservation Project**

Dear Steve and Alan:

After careful consideration, The Trust for Public Land (“TPL”) has decided to re-submit its Forest Legacy Program (“FLP”) funding request for the Stimson Forestlands Conservation Project (the “Stimson project”) near Troy, Montana again this year. This 28,000-acre conservation easement project, as you know, was reviewed by Montana Fish, Wildlife and Parks, the Montana Forest Legacy Committee and the full Montana Forest Stewardship Steering Committee last summer and was forwarded to the USDA Forest Service for evaluation as part of its regional ranking process and ultimately to the agency’s Washington Office where a National Review Panel prioritized it as the nation’s sixth highest FLP funding priority for fiscal year 2012. The Panel’s final project list was subsequently submitted to the Office of Management and Budget and was ultimately included in the President’s fiscal year 2012 budget, which was sent to the U.S. Congress for consideration in February of this year.

In its #6 position, the Stimson project is currently ranked behind five other projects, which are collectively requesting \$24.6 million in total FLP funding. If the U.S. Congress makes

the same amount of money available as it did in fiscal year 2011 (\$46.7 million after deducting \$6.2 million in administrative costs) and if the USDA Forest Service utilizes the same process to allocate this money (fully funding the highest ranked projects until the money runs out), then it is reasonable to assume that the \$6.5 million in FLP funding that is being sought for the Stimson project should be forthcoming in fiscal year 2012. However, if overall funding levels go down as part the on-going efforts to reduce the national debt or if program administrators decide to cap the amount of money that any single project can receive and/or distribute whatever money is made available over a larger range of projects, then there is obviously a risk that the Stimson project will end up with less than the \$6.5 million that is being sought in fiscal year 2012.

As it stands, TPL does not have the luxury of scaling back its \$6.5 million FLP funding request. As you know, the total cost for the overall 28,000-acre project is currently estimated to be around \$16 million, with 25% of this amount coming from Stimson in the form of an in-kind contribution of donated land value arising from the bargain sale of the easement. The remaining \$5.5 million will need to come from other sources. While we remain optimistic that the \$4.5 million that we are seeking from the federal Habitat Conservation Plan Land Acquisition Program will come through, we still do not know whether the United States Fish and Wildlife Service will honor all or part of this request. Furthermore, we are also cognizant of the fact that securing the balance of the needed funding from the Bonneville Power Administration will not be easy due to certain capital budget constraints. We need to be careful how much we ask for from this funding source to bridge the remaining gap.

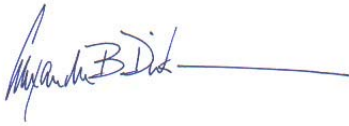
All told, the success of the Stimson project depends on our \$6.5 million FLP funding request being fully funded. If the project, for some reason, ends up getting less than this amount in fiscal year 2012, then we should definitely be in a position to seek the remaining balance in fiscal year 2013. Like last year, project data will likely need to be uploaded into the Forest Legacy Information System by early-November. This means that we will have as many as three to four months to pull or modify our funding request if new information warrants us doing so. The goal, of course, is to ask for only enough funding to make up for any possible or perceived shortfall.

Once again, we believe that the Stimson project is extremely well positioned and that there is a strong likelihood that our \$6.5 million FLP funding request will be fully honored in fiscal year 2012. However, if overall FLP funding levels get cut as part of the on-going deficit reduction efforts or if program administrators decide to spread whatever funds are made available over a wider range of projects, then we should, by all means, be in a position to seek the balance of the needed funds in fiscal year 2013. The success of the Stimson project depends on us securing the full \$6.5 million in requested FLP funding. Anything less will seriously jeopardize the project.

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If you have any questions or comments, please do not hesitate to call.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alex Diekmann", followed by a horizontal line.

Alex Diekmann  
Senior Project Manager

A handwritten signature in blue ink, appearing to read "Robert Rasmussen".

Robert Rasmussen  
Field Representative